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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/631,837	08/01/2003	Mike V. Naples	08049.0921	1034
22852	7590	10/27/2008		
FINNEGAN, HENDERSON, FARABOW, GARRETT & DUNNER LLP 901 NEW YORK AVENUE, NW WASHINGTON, DC 20001-4413			EXAMINER STERRETT, JONATHAN G	
			ART UNIT 3623	PAPER NUMBER
			MAIL DATE 10/27/2008	DELIVERY MODE PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

10/631,837

Applicant(s)

NAPLES ET AL.

Examiner

JONATHAN G. STERRETT

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Period for Reply -- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 10 September 2008.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-90 is/are pending in the application.
- 4a) Of the above claim(s) 40-84 and 86-90 is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-39 and 85 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/S508)
Paper No(s)/Mail Date _____
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____

DETAILED ACTION

Summary

1. This **Non-Final Rejection** is responsive to the election of 10 September 2008, made without traverse. Currently **Claims 1-39 and 85** are examined below. The remainder are withdrawn.

Claim Rejections - 35 USC § 101

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-13 and 85 is rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claims 1 is rejected under 35 U.S.C. 101 based on Supreme Court precedent, and recent Federal Circuit decisions, the Office's guidance to examiners is that a § 101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780,787-88 (1876).

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An example of a method claim that would not qualify as a statutory process would be a claim that recited purely mental steps. Thus, to qualify as a § 101 statutory process, the claim should positively recite the other statutory class (the thing or product) to which it is tied, for example by identifying the apparatus that accomplishes the method steps, or positively recite the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Here, applicant's method steps, fail the first prong of the new Federal Circuit decision since they are not tied to another statutory class and can be performed without the use of a particular apparatus. Thus, **Claim 1** is non-statutory since it may be performed within the human mind. **Claims 2-13** depend on Claim 1 and are rejected similarly.

Claim 85 is a system comprised of components. Components are considered software, not embodied on computer readable medium, and thus are considered software per se. Software per se is considered printed matter and therefore not statutory under 35 USC 101.

Claim Rejections - 35 USC § 103

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

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(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. **Claims 1-39 and 85** is rejected under 35 U.S.C. 103(a) as being unpatentable over Dwyer, FR, "Customer Lifetime Valuation to Support Marketing Decision Making", 1997, Journal of Direct Marketing, Volume 11, Issue 4, John Wiley & Sons, pp.6-13.(hereinafter **Dwyer**)..

Regarding **Claim 1**, Dwyer teaches:

1. A method of evaluating a direct mail marketing campaign, comprising:
receiving a value representing a number of customers targeted for the direct mail marketing campaign;

Exhibit 1 page 10, subs (i.e. subscriptions) targeted for direct mail

receiving a production cost of the direct mail marketing campaign;
receiving financial information for the direct mail marketing campaign;

Exhibit 1 page 10, direct costs are direct costs associated with direct mail to get the subs to renew. – financial information (i.e. a discount rate is financial information).

determining the return on investment of the direct mail marketing campaign based on at least one of the production cost, shipping service

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cost, and financial information; and outputting the return on investment of the direct mail marketing campaign

Exhibit 1 page 10, NPV/M is a return on investment figure (i.e. a net present value or NPV figure measures return on investment according to a discount rate).

Dwyer teaches calculating an NPV which implies a financial calculation to balance costs versus revenues. Dwyer teaches that part of this cost is "direct cost". While Dwyer teaches that cost for mailings is part of analyzing the return on investment for a lifetime value of customers, Dwyer does not teach explicitly the shipping cost. However, Official Notice is taken that shipping cost is known in the art of direct mailing to be part of the expenditure and would have provided a predictable result in combination with the teachings of Dwyer because Dwyer's NPV takes into account direct costs associated with estimating the expenditures required to perform a direct mail campaign.

Regarding **Claims 2-6**, Dwyer teaches receiving a direct cost to determine a return on investment, Dwyer does not teach the various costs recited, however the recited method steps would be performed the same regardless of the specific data. Further, the structural elements remain the same regardless of the specific data. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385,

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217 USPQ 401, 404 (Fed. Cir. 1983); In re Lowry, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994); MPEP ' 2106

Regarding **Claim 7**, Dwyer teaches shipping cost (Exhibit 2 under "Distribution and Account Maintenance". Dwyer does not teach discounting the shipping rate by a discount where the discount is applied to this shipping rate.

However, Official Notice is taken that discounting shipping rates is old and well known in the art of shipping and would have been obvious by a person of ordinary skill in the art at the time of the invention and would have provided a predictable result in combination with the ROI teachings of Dwyer because it would have reflected the NPV realized from the actual amount spent on shipping.

Regarding **Claim 8**, Dwyer teaches:

8. The method according to claim 1, wherein receiving financial information comprises:
receiving a response rate; and receiving an expected price of items marketed in the direct mail marketing campaign.

Figure 2 shows a probability of responding (i.e. a response rate) and an expected purchase "E", an expected price.

Regarding **Claim 9**, Dwyer teaches:

9. The method according to claim 8, wherein determining the return on investment comprises:

determining a direct mail marketing campaign cost based on the production and shipping costs;

receiving a close ratio;

determining a gross profit for the items marketed in the direct mail marketing campaign;

determining a net profit based on the gross profit and the direct mail marketing campaign costs; and

determining the return on investment based on the net profit and the direct mail marketing campaign costs.

Exhibit 1 shows a close ratio (i.e. rate of responses), a gross and net profit based on total revenue and total revenue less direct costs - the bottom shows an NPV (i.e. a return on investment).

Regarding **Claim 10**, Dwyer teaches:

10. The method according to claim 1, further comprising determining a lifetime value of the marketing campaign.

Exhibit 1 and 2 – since Dwyer is modeling customers response to marketing campaigns with an estimated NPV of this over time - this is an estimate of the lifetime value of the campaign.

Regarding **Claim 11**, Dwyer teaches:

11. The method according to claim 10, wherein determining the lifetime value of the marketing campaign comprises:

**receiving a value of a sale; receiving a number of sales per year;
receiving a number of years retained;**

Exhibit 1 section B: value of a sale - \$15; number of sales per year: 1000
subs (subscriptions); number of years retained – years 1-5.

receiving a retention rate;

Exhibit 1/B section A under "Account Maintenance"

**determining a lifetime value of the customer based on the sale value,
number of sales per year, number of years retained, number of targeted
customers;**

Exhibit 1/B – bottom line – NPV is a lifetime value of the customer based
on sale value, sale per year – years retained (5) and those targeted.

**determining a number of customers acquired based on the financial
information of the direct mail marketing campaign and number of targeted
customers; and**

Exhibit 1/B – the various years show the number of customers acquired in
that year.

**determining the lifetime value of the campaign based on the number
of customers acquired, retention rate, and a lifetime value of the customer.**

Exhibit 1/B – the lifetime value (note Dwyer's teaching if regarding a
Lifetime Value – or LTV) is measured as an NPV – in this example it is \$,20684

Regarding **Claim 12**, Dwyer teaches:

12. The method according to claim 11, further comprising:

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receiving a number of touches per year; and

Exhibit B – a goodwill greeting card (i.e. a touch per year) is sent to customers.

determining a lifetime mailing investment.

Exhibit B – the cost of pursuing a marketing campaign versus the revenues (i.e. used to calculate the NPV) is the determination of a lifetime mailing investment.

Regarding **Claim 13**, Dwyer teaches:

13. The method according to claim 1, wherein outputting the return on investment comprises:

generating an executive summary; and

outputting the executive summary.

Exhibit 1 page 10

Claims 14-39 and 85 recited similar limitations to those addressed above by the rejection of **claims 1-13** and are rejected according to a similar rationale.

Furthermore regarding **Claims 14-39 and 85**, Dwyer does not explicitly teach using a computer system for performing the method, including using a GUI interface to enter data into a software package, however Official Notice is taken that automating method steps, including using a GUI interface and a computer system are old and well known in the art and would have been obvious to

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combined with the method steps taught by Dwyer by one of ordinary skill in the art at the time of the invention because it would have provided the benefit of perform the method steps faster and more efficient since they are performed using a computer system with a GUI interface. Furthermore, automating the method steps taught by Dwyer does not convey patentability since it amounts to automating a known process (in re Venner).

Conclusion

5. The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Gonul, Fusun; Shi, Meng Ze; "Optimal Mailing of Catalogs: A New Methodology Using Estimable Structural Dynamic Programming Models", (C) 1997, Institute for Operations Research, pp.1249-1262

GR Bitran, SV Mondschein - Management Science, 1996 - JSTOR
Mailing Decisions in the Catalog Sales Industry. Gabriel R. Bitran. Susana V. Mondschein. Management Science, Vol. 42, No. 9, 1364-1381. Sep., 1996.

Hakan Polatoglua, and Izzet Sahinb;
Probability distributions of cost, revenue and profit over a warranty cycle
European Journal of Operational Research

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Volume 108, Issue 1, 1 July 1998, Pages 170-183;

Optimal Selection for Direct Mail

Jan Roelf Bult; Tom Wansbeek

Marketing Science, Vol. 14, No. 4. (1995), pp. 378-394.

Customer Base Analysis: An Industrial Purchase Process Application

David C. Schmittlein; Robert A. Peterson

Marketing Science, Vol. 13, No. 1. (Winter, 1994), pp. 41-67.

Direct mail selection by joint modeling of probability and quantity of
response

P Otter, H Scheer, T Wansbeek – 1997

A Decision Theoretic Framework for Profit Maximization in Direct
Marketing

L Muus, H Van der Scheer, TJ Wansbeek, R te ... - 1996 -

dspace.ub.rug.nl

(retrieved from the web at:

<http://som.eldoc.ub.rug.nl/FILES/reports/1995-1999/themeB/1996/96B28/96b28.pdf>)

Direct marketing modeling with CART and CHAID

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Dominique Haughton 1 *, Samer Oulabi 2

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Volume 11, Issue 4 , Pages 42 - 52

6. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Jonathan G. Sterrett whose telephone number is 571-272-6881. The examiner can normally be reached on 8-6.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Beth Boswell can be reached on 571-272-6737. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

JGS 10-17-2008

/Jonathan G. Sterrett/

Primary Examiner, Art Unit 3623

